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## One Financial Education Intervention, Two Performances, What Happened?

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**RESEARCH/STUDENT PAPER SUBMISSION**

**Conference Track**

**8. Promoting the application of social marketing**

**Title**

**One Financial Education Intervention, Two Performances, What Happened?**

## **Abstract**

It is often expected that one financial education intervention should offer similar performance in changing financial behaviour to determine its role in social marketing. Behaviour change takes time and it needs different approaches to different segmentations. It involves multifaceted aspects and cannot always be controlled by the organisers. If the performances of an intervention are not consistent, should we reject or endorse it?

This paper takes a critical view of the application of social marketing mix concepts from 4Ps and segmentation in designing and assessing the impact of a financial education intervention. The short course “Managing My Money” (the MMM) was designed and delivered through direct and online channels. Using the dataset from a large research project of the True Potential Centre for the Public Understanding of Finance (PUFin) at the Open University in co-operation with the Coventry University, funded by the Money Advice Service’s What Works Fund.

There were diversified experiments to explore the impact of one financial education intervention which distributed to specific target audiences in different places. This seeks to explore what works and does not work for different populations in improving their personal financial behaviours including saving and borrowing. This paper selected the datasets of 438 members of New Central Credit Union (NCCU) from 1953 NCCU members and 1257 members of Coventry District Credit Union (CDCU) from 1322 CDCU members who lived in Coventry and categorised into neighbourhood segmentation by wards. The purpose is to explore how a specific neighbourhood environment might influence individual saving and borrowing behaviour. Randomised Controlled Trials (RCTs) was used to design the experiment and to assess the impact of the intervention toward saving and borrowing behaviours among the control and experimental group. The experimental group received either face-to-face intervention at a workshop or printed materials and an online course, while the control group did not receive any of these treatments.

This paper offers a case study to explain why one financial education intervention does not always offer the repeated performance through the lens of social marketing. Some findings are useful to social marketers and educators, in the use and evaluation of a financial education intervention, to promote desirable saving and borrowing behaviours. Changing borrowing behaviour is more multifaceted than changing saving behaviour. It requires a sensitive approach in dealing with simultaneous savers and debtors. Individual financial capacity constrains their saving and borrowing behaviour change. Neighbourhood segmentation is useful in explaining the limitations when intervening in a financial behaviour change.

## **Introduction/Background**

### **Aims and objectives**

To evaluate whether a targeted, behaviourally-informed, online financial education intervention can improve individual financial behaviour and wellbeing.

### **Behavioural Objectives and Target Group**

Encourage non-savers to start saving at least £5 per month whilst debtors increasing payments towards any debt for the period of research. The target group are working age adults not in significant financial difficult but are living close to the edge with little resilience to financial shocks.

## **Method**

### **Evidence of Citizen/Customer Orientation**

Financial difficulty, particularly when it leads to problem debt, is one of the biggest social problems in the UK. 27 million people did not have sufficient savings buffer to allow them to cope with a significant income shock (Financial Capability Strategy for the UK, 2015). 21 million UK adults do not have a £500 savings cushion and around 8 million UK adults have debt problems. The UK Government is working to improve financial capability via a 10-year strategy, 2015-2025. It aims “to support people’s ability to manage money better on a day to day basis, prepare for and manage life events, and deal with financial difficulties” (Money Advice Service, 2017). This project was funded by The Money Advice Service to pilot new approaches to improving financial capability and evaluate their Money Advice Service’s What Works Fund.

### **The Social Offering**

Social inclusion is one of important value of the intervention. The intervention seeks to tackle social issues in financial capability. It offered a short educational course to encourage people at risk of financial difficulty to save small amounts as a cushion against financial shocks. The course focused on changing behaviour, building on insights from marketing and behavioural science to use information and other techniques to nudge people towards better financial habits rather than (primarily) to improve their knowledge.

### **Engagement and Exchange**

There were different levels of engagement and exchange between interventional organisers and target audiences within the NCCU and CDCU. The interventional organisers had a limited communication with the targeted audiences except for 24 NCCU members who attended the workshop. Otherwise, the gatekeepers, the NCCU and CDCU took the role as intermediary and communicator between the interventional organisers and the target audiences through post and email.

### **Competition Analysis and Action**

What Works Funds, has given £11.7M grants to 65 projects to fund financial capability projects (FINCAP, 2018). The competitors were from different sectors such as; the Personal Finance Research Centres at other universities, non-profit organisations offering sessions mapped to the national curriculum (mybnk.org), non-mainstream financial education and advice (i.e. Good Things Foundation; Toynbee Hall) and FinTech companies that use information technology to intervene in financial management behaviours. The benefit of these competitors is building partnerships that reach specific segments to design and evaluate the impact of a financial education intervention.

### **Segmentation and Insight**

There were four segments in the investigated population that including simultaneous savers and debtors, non-savers and non-debtors, savers and non-debtors, and non-savers and debtors. This project targeted to non-savers but having a debt and simultaneous savers and debtors. The reason is that non-savers are at risk to cope with a financial shock. They were not aware that saving small amount per month does help to pay off the debt and to build their financial resilience in long-term. While the simultaneous savers and debtors need to learn how to make an informed and balanced decision making to borrow what they afford to repay and when to pay off debt or save more and vice versa.

### **Integrated Intervention Mix:**

This project used an integrated intervention mix including product, price, place, promotion through partnership, people.

**Product:** The intervention focused on changing saving and borrowing behaviours. Using the insights from marketing and behavioural science to select useful information, practical skills other techniques to make small change. It helps in improving individual confidence as well as nudge them towards better financial habits and behaviour rather than just improving knowledge.

**Price:** This financial education intervention was funded, hence, there was not a “price” that the participants had to pay but there might be obstructions they might have to overcome. This might be time, practice, financial capacity, change of lifestyle or more when it involves spending and borrowing less but saving more. The organisers covered all the costs of running the intervention to provide the benefits to target audiences. This is the pure “social” value in this educational intervention.

**Place:** The online Managing My Money course offered open access to public. The place strategy in this financial education intervention offered a door-to-door service to the audience with the expectation that an easy availability of the product and service gives a strong advantage to attract the participants (Strand, Rothschild, & Nevin, 2004, see Edgar, Huhman and Miller, 2015) with the use of costs and resources. While the core distribution channel was online. It is scalable, engaging, and deliver the tool proactively to the target audiences. The paper-based materials promoted and delivered at the same place where the financial behaviour change might occur later.

### **Promotion Through Partnership**

There are two channels used to promote the intervention. The first channel is to promote the intervention and build the organisational relationships with the NCCU and CUDU. This results in gaining the access the target audience, their members. Email marketing and direct marketing by post were used to promote the intervention.

### **Co-creation through Social Markets**

The design and process of delivery of the intervention involved the contributions from the NCCU and CDCU. During the delivery of the intervention at each workshop, the organisers took the feedbacks from participants to improve the course contents and presentations in the following workshops.

### **Systematic Planning**

The process in design and delivery the short MMM course acknowledged that behaviour change might happen in various stages with different people. The transtheoretical model (TTM) described five stages and ten processes in making a behaviour change. The process of delivering the course started from knowledge to practice to improve individual financial self-efficacy (Bandura, 1997; Xiao and O’Neill, 2016; Mindra and Moya, 2017) and nudged participants to set a financial goal to encourage intended desirable behaviour (Ajzen, 2011). The figure 1 described a summary of the systematic planning process of this project.

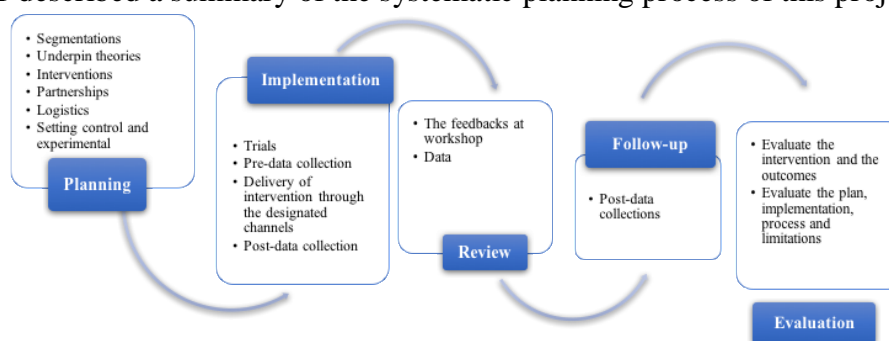


Figure 1: The systematic planning process

## Results

The T-tests were carried to find the evidence of the causal relationship between the conditions of being in an experimental group and a control group and the outcomes of making a change in saving and borrowing behaviour among the NCCU and CDCU members. The data from CDCU members were extracted in two periods of July and October 2017. While there were four datasets from NCCU members were collected during October (period 1) and December (period 2) in 2017 and January (period 3) and February (period 4) in 2018.

The findings from a T-test suggested that despite there was a difference between the two groups in both NCCU and CDCU trials, there was only one trial in NCCU (between two periods in 2017) found a statistically significant change in saving behaviour after the intervention. However, the regression between group variable (control/experimental) and saving behaviour change between two periods in 2017 did not suggest that people in experimental group made more positive change than the control group. There was not a significant change in both saving and borrowing behaviour among CDCU members who received the intervention in comparison to who did not receive it in the control group.

The analyses of crosstabulations, correlations, regressions found the significant relationships between and within the changes in borrowing and saving behaviours among NCCU trials but not in the CDCU trials.

The financial capacity or net cash flow of saving-borrowing balance before the intervention statistically significantly predicts a change in both saving and borrowing behaviour but in different ways. CDCU trials found that:

- People who have “excess” cash flow tend to make more positive change in saving behaviour.
- People who had “even” cash flow tends to make less positive change in saving behaviour.
- People had “excess” and “even” cash flow tend to make less positive change in borrowing behaviour.
- People had “shortfall” cash flow is likely to make a more positive change in borrowing behaviour.

*(Net cash flow of saving-borrowing: “excess”: saving>borrowing/“even”: saving=borrowing/“shortfall”: saving<borrowing. Making a change: positive=2 (paying off debt, saving more)/no change=1 (no change in saving/borrowing amount)/negative change=0 (increasing debt, withdrawn saving).*

In NCCU trials found that:

- Net saving-borrowing balance before the intervention statistically significantly predicts a change in borrowing behaviour but not at all in saving behaviour.
- People had “excess” cash flow tend to make a negative change between period 1-2, then a positive change between period 2-3 and a negative change between period 3-4.
- People had “shortfall” cash flow tend to make a positive change in period 1-2, then a negative change in period 2-3 and a positive change in period 3-4.

In order to explore the external factors that might influence financial behaviour among participants, this papers used the data of postcodes to explore the neighbourhood factors. There are 18 wards in Coventry and they all had representatives in the two datasets of NCCU and CDCU. Using some neighbourhood datasets such as mean income 2012, socio-economic classification 2011, qualification 2011, housing ownership 2013 by wards which extracted from Coventry City Council (coventry.gov.uk). I acknowledged the data was not up-to-date but assumed that all wards in Coventry had the equal level of development.

In the CDCU trials, neighbourhood factors were found to strongly link to saving and borrowing behaviour change:

- People who lived in wards that had a high level of “owner occupied” housing and “no qualification” tend to make less positive changes in borrowing behaviour.

- For those who lived in the ward had the higher rate of people “never worked and long-term unemployed” tend to make less positive changes in saving behaviour.

In the NCCU trials, there were only two neighbourhood factors found strongly and significant relationships with saving behaviour change between period 1-2:

- People who lived in the ward had the higher rate of people had “no qualification” tend to make less positive change in saving.
- For those who lived in the ward had the higher rate of “full-time students age 18 and over” tend to make more positive change in saving.

## **Discussion/Conclusion**

### **Evaluation**

There was not strong evidence among the CDCU and NCCU trials to suggest that people in the experimental group performed more positive saving and borrowing behaviours than those in the control group. Exclusively, in NCCU trials, people who received the intervention at the workshop perceived the complex outcomes of making a change in saving behaviour which was positive between October and December 2017, but then turned to negative between December 2017 and January 2018 during the Christmas and New Year time. In term of behavioural change goals, the intervention achieve some positive outcomes.

- In NCCU trials, two people were non-savers before intervention saved over £10 for two months. There were 69 people in the experimental group (of which, one attended the workshop) who paid off 10% or more of their debt more than the control group (56 people).
- In CDCU trials, there were not any non-savers before intervention that saved over £10 after the intervention. There were 56 people in experimental group paid off 10% or more of their debt more than the control group (44 control people).

### **Discussion**

A lack of connection and engagement between the organisers, participants and processes might fail the intervention (Rafiq and Ahmed, 1995). What to learn from this programme was that engaging and understanding the target audiences does play an important role in the success of an intervention. These trials did not focus on building the relationship with the target audiences who are the adopters of the intervention but the gatekeepers, the NCCU and CDCU. This method of weak-tie communication did not show the strong impact to saving and borrowing behaviour change. The limited effect of the intervention towards CDCU members it could be that either single the paper version is less effective or that post is not a good method of delivery of the intervention. The printed-material had a poor performance as a sole method of delivery of the intervention to the CDCU members. In contrast, the NCCU members who received the intervention at the workshop cherished to have a paper version in hand.

In the future research, tracking the delivery of the intervention is important to confirm whether the audiences received and used the intervention. A combination of online course with facilitators to support and engage with the participants and face-to-face workshop to those preferred is useful. Objective data is unbiased to assess a change in behaviour. However, doing a survey or an interview to obtain more in-depth data is valuable to understand the insights of objective data. Neighbourhood segmentation is beneficial to inform the design and delivery of the intervention locally. Lastly, changing saving and borrowing behaviour is not a quick and easy job, changing the undesirable behaviours needs a long-term plan involves multifaceted matters, hence, the evaluation should take this into account.

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